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TEXWINCA HOLDINGS LIMITED

德永佳集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 321)

Websites: <http://www.texwinca.com/>

<http://www.irasia.com/listco/hk/texwinca/>

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2015

RESULTS

The board of directors (the "Board") of Texwinca Holdings Limited (the "Company") has pleasure in presenting the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2015 with the comparative figures of last year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	Year ended 31 March	
		2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
REVENUE		9,322,316	9,859,613
Cost of sales		(6,144,692)	(6,578,395)
Gross profit		3,177,624	3,281,218
Other income and gains		286,630	334,488
Selling and distribution expenses		(1,841,004)	(2,082,315)
Administrative expenses		(761,432)	(855,296)
Other operating income/(expenses), net		(13,500)	9
Finance costs		(23,935)	(33,016)
Share of profit of an associate, net of tax		33,865	61,919
PROFIT BEFORE TAX	4	858,248	707,007
Income tax expense	5	(85,717)	(117,555)
PROFIT FOR THE YEAR		<u>772,531</u>	<u>589,452</u>

* For identification purposes only

		Year ended 31 March	
	<i>Note</i>	2015	2014
		HK\$'000	HK\$'000
Attributable to:			
Ordinary equity holders of the Company		773,293	668,352
Non-controlling interests		(762)	(78,900)
		<u>772,531</u>	<u>589,452</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY			
EQUITY HOLDERS OF THE COMPANY <i>(HK cents)</i>			
	<i>7</i>		
Basic		<u>56.0</u>	<u>48.9</u>
Diluted		<u>56.0</u>	<u>48.7</u>

Details of the dividends for the year are disclosed in note 6 to the announcement.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 March	
	2015	2014
	HK\$'000	HK\$'000
PROFIT FOR THE YEAR	772,531	589,452
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods :		
Exchange differences on translation of foreign operations	<u>1,818</u>	<u>2,488</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>774,349</u>	<u>591,940</u>
Attributable to:		
Ordinary equity holders of the Company	775,649	669,388
Non-controlling interests	<u>(1,300)</u>	<u>(77,448)</u>
	<u>774,349</u>	<u>591,940</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31 March 2015 <i>HK\$'000</i>	31 March 2014 <i>HK\$'000</i>
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		1,607,700	1,782,302
Investment properties		425,303	349,432
Prepaid land lease payments		21,308	21,984
Construction in progress		34,159	39,784
Trademarks		33,293	33,293
Investment in an associate		96,182	78,937
Long term rental deposits		<u>91,183</u>	<u>84,933</u>
Total non-current assets		<u>2,309,128</u>	<u>2,390,665</u>
CURRENT ASSETS			
Inventories		1,867,472	1,898,392
Trade receivables	8	697,574	622,558
Bills receivable		219,021	267,654
Prepayments, deposits and other receivables		517,507	424,035
Due from an associate		—	22,966
Held-to-maturity investments		—	68,877
Derivative financial assets		16,407	7,754
Cash and bank balances		<u>4,372,060</u>	<u>4,024,108</u>
Total current assets		<u>7,690,041</u>	<u>7,336,344</u>
CURRENT LIABILITIES			
Trade payables	9	995,646	892,173
Bills payable		61,186	72,105
Other payables and accrued liabilities		515,833	486,679
Due to an associate		3,060	—
Derivative financial liabilities		11,104	5,655
Tax payable		35,177	79,946
Interest-bearing bank borrowings		<u>1,748,298</u>	<u>1,502,453</u>
Total current liabilities		<u>3,370,304</u>	<u>3,039,011</u>
Net current assets		<u>4,319,737</u>	<u>4,297,333</u>
Total assets less current liabilities		6,628,865	6,687,998
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		158,328	366,664
Deferred tax liabilities		<u>150,705</u>	<u>134,190</u>
Total non-current liabilities		<u>309,033</u>	<u>500,854</u>
Net assets		<u>6,319,832</u>	<u>6,187,144</u>

	31 March 2015 HK\$'000	31 March 2014 HK\$'000
EQUITY		
Equity attributable to ordinary equity holders of the Company		
Issued capital	69,085	69,085
Reserves	5,602,622	5,541,962
Proposed final dividend	414,509	345,424
	6,086,216	5,956,471
Non-controlling interests	233,616	230,673
	6,319,832	6,187,144
Total equity	6,319,832	6,187,144

Notes:

1. Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance, which because the Company has not early adopted the revised Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), are those of the predecessor Hong Kong Companies Ordinance (Cap.32). These financial statements have been prepared under the historical cost convention, except for investment properties, certain leasehold land and buildings included in property, plant and equipment, and derivative financial instruments which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand except when otherwise indicated.

2. Principal accounting policies

The accounting policies and basis of preparation adopted in the preparation of the consolidated financial statements are the same as those used in the consolidated financial statements for the year ended 31 March 2014, except in relation to the following new and revised HKFRSs that affect the Group and are adopted for the first time for the current year's financial statements:

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) — <i>Investment Entities</i>
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities</i>
HKAS 39 Amendments	Amendments to HKAS 39 <i>Financial Instruments: Recognition and Measurement — Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC) – Int 21	<i>Levies</i>
HKFRS 2 Amendment included in <i>Annual Improvements 2010-2012 Cycle</i>	Amendment to HKFRS 2 <i>Share-based Payment — Definition of Vesting Condition</i> ¹

HKFRS 3 Amendment included in <i>Annual Improvements 2010-2012 Cycle</i>	Amendment to HKFRS 3 <i>Business Combinations — Accounting for Contingent Consideration in a Business Combination</i> ¹
HKFRS 13 Amendment included in <i>Annual Improvements 2010-2012 Cycle</i>	Amendment to HKFRS 13 <i>Fair Value Measurement — Short-term Receivables and Payables</i>
HKFRS 1 Amendment included in <i>Annual Improvements 2011-2013 Cycle</i>	Amendment to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards — Meaning of Effective HKFRSs</i>

¹ *Effective from 1 July 2014*

The adoption of the above revised standards and interpretation has had no significant financial effect on these financial statements.

ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 9 (2014)	<i>Financial Instruments</i> ⁴
HKFRS 10 and HKAS 28 Amendments	Amendments to HKFRS 10 and HKAS 28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ²
HKFRS 10, HKFRS 12 and HKAS 28 Amendments	Amendments to HKFRS 10, HKFRS12 and HKAS 28 <i>Investment Entities: Applying the Consolidation Exception</i> ²
HKFRS 11 Amendments	Amendments to HKFRS 11 <i>Accounting for Acquisitions of Interests in Joint Operations</i> ²
HKFRS 14	<i>Regulatory Deferral Accounts</i> ⁵
HKFRS 15	<i>Revenue from Contracts with Customers</i> ³
HKAS 1 Amendments	Amendments to HKAS 1 <i>Disclosure Initiative</i> ²
HKAS 16 and HKAS 38 Amendments	Amendments to HKAS 16 and HKAS 38 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> ²
HKAS 16 and HKAS 41 Amendments	Amendments to HKAS 16 and HKAS 41 <i>Agriculture: Bearer Plants</i> ²
HKAS 19 (2011) Amendments	Amendments to HKAS 19 (2011) <i>Defined Benefit Plans: Employee Contributions</i> ¹
HKAS 27 (2011) Amendments	Amendments to HKAS 27 (2011) <i>Equity Method in Separate Financial Statements</i> ²
<i>Annual Improvements 2010–2012 Cycle</i>	Amendments to a number of HKFRSs issued in January 2014 ¹

<i>Annual Improvements 2011–2013 Cycle</i>	Amendments to a number of HKFRSs issued in January 2014 ¹
<i>Annual Improvements 2012–2014 Cycle</i>	Amendments to a number of HKFRSs issued in October 2014 ²

- 1 *Effective for annual periods beginning on or after 1 July 2014*
- 2 *Effective for annual periods beginning on or after 1 January 2016*
- 3 *Effective for annual periods beginning on or after 1 January 2017*
- 4 *Effective for annual periods beginning on or after 1 January 2018*
- 5 *Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group*

The Group is in the progress of making an assessment of the impact of these new and revised HKFRS, upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have any significant impact on its results of operations and financial position.

3. Operating segment information

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- (a) the production, dyeing and sale of knitted fabric and yarn segment;
- (b) the retailing and distribution of casual apparel and accessory segment; and
- (c) the "others" segment principally comprises the provision of repair and maintenance services for motor vehicles, the provision of franchise services and properties investment.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that gain on disposal of properties, interest income, finance costs and share of profit of an associate, net of tax are excluded from such measurement.

Segment assets exclude time deposits and investment in an associate as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank borrowings, tax payable and deferred tax liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

- (a) The following tables present revenue, profit and certain asset, liability and expenditure information of the Group for the years ended 31 March 2015 and 31 March 2014:

	Production, dyeing and sale of knitted fabric and yarn		Retailing and distribution of casual apparel and accessory		Others		Eliminations		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:										
Sales to external customers	4,717,508	5,026,253	4,591,367	4,816,247	13,441	17,113	—	—	9,322,316	9,859,613
Intersegment sales	—	—	—	—	10,522	9,188	(10,522)	(9,188)	—	—
Other revenue	63,399	88,466	5,569	(1,411)	36,918	61,421	(4,799)	(4,458)	101,087	144,018
Total	4,780,907	5,114,719	4,596,936	4,814,836	60,881	87,722	(15,321)	(13,646)	9,423,403	10,003,631
Segment results	622,303	671,116	13,433	(244,842)	27,039	61,360	—	—	662,775	487,634
Reconciliation										
Gain on disposal of properties									—	19,329
Interest income									185,543	171,141
Finance costs									(23,935)	(33,016)
Share of profit of an associate, net of tax									33,865	61,919
Profit before tax									858,248	707,007
Income tax expense									(85,717)	(117,555)
Profit for the year									772,531	589,452

- (a) The following tables present revenue, profit and certain asset, liability and expenditure information of the Group for the years ended 31 March 2015 and 31 March 2014: *(continued)*

	Production, dyeing and sale of knitted fabric and yarn		Retailing and distribution of casual apparel and accessory		Others		Eliminations		Consolidated	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Assets and liabilities:										
Segment assets	4,332,956	4,675,339	1,792,721	1,803,907	474,217	399,576	(725,689)	(881,318)	5,874,205	5,997,504
Investment in an associate									96,182	78,937
Unallocated assets									4,028,782	3,650,568
Total assets									9,999,169	9,727,009
Segment liabilities	815,784	824,414	1,139,799	1,155,616	89,613	90,578	(458,367)	(613,996)	1,586,829	1,456,612
Unallocated liabilities									2,092,508	2,083,253
Total liabilities									3,679,337	3,539,865
Other segment information:										
Depreciation and amortisation	179,755	200,130	100,056	137,193	1,356	1,435	—	—	281,167	338,758
Capital expenditure	55,768	120,626	72,532	43,400	—	16	—	—	128,300	164,042
Provision /(write-back of provision) for slow-moving inventories	(1,333)	13,683	(17,390)	39,393	(1,030)	(1,058)	—	—	(19,753)	52,018
Write-back of impairment of trade receivables	—	—	(23)	(2,724)	—	—	—	—	(23)	(2,724)
Impairment of items of property, plant and equipment	—	—	—	13,563	—	—	—	—	—	13,563
Net fair value loss /(gain) on investment properties	—	—	—	—	7,912	(23,274)	—	—	7,912	(23,274)

(b) Geographical information

The following table presents geographical revenue and non-current assets information of the Group for the years ended 31 March 2015 and 31 March 2014:

	USA		Mainland China		Japan		Hong Kong		Others		Eliminations		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(i) Revenue from external customers														
Segment revenue:														
Sales to external customers	<u>2,896,022</u>	<u>3,307,454</u>	<u>4,220,937</u>	<u>4,252,576</u>	<u>1,135,685</u>	<u>942,372</u>	<u>733,659</u>	<u>608,426</u>	<u>336,013</u>	<u>748,785</u>	<u>—</u>	<u>—</u>	<u>9,322,316</u>	<u>9,859,613</u>
(ii) Non-current assets:														
Non-current assets	<u>—</u>	<u>—</u>	<u>1,721,301</u>	<u>1,875,674</u>	<u>—</u>	<u>—</u>	<u>848,272</u>	<u>766,745</u>	<u>69,627</u>	<u>78,379</u>	<u>(421,255)</u>	<u>(415,066)</u>	<u>2,217,945</u>	<u>2,305,732</u>

The Group's geographical revenue and non-current assets information, excluding long term rental deposits, are based on the locations of the markets and assets, respectively.

(c) Information about major customers

No single external customer (2014: nil) contributed more than 10% to the Group's revenue during the year.

4. Profit before tax

The Group's profit before tax is arrived at after charging / (crediting):-

	Year ended 31 March	
	2015	2014
	HK\$'000	HK\$'000
Depreciation	280,485	338,073
Recognition of prepaid land lease payments	682	685
Loss/(gain) on disposal of items of property, plant and equipment	<u>1,730</u>	<u>(17,384)</u>

5. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Year ended 31 March	
	2015	2014
	HK\$'000	HK\$'000
Hong Kong and Mainland China:		
Current year provision	69,922	73,702
(Over)/under-provision in prior years	(935)	30,459
Deferred tax	16,515	13,311
Elsewhere :		
Current year provision	215	252
Over-provision in prior years	—	(169)
Tax charge for the year	<u>85,717</u>	<u>117,555</u>

6. Dividends

	Year ended 31 March	
	2015	2014
	HK\$'000	HK\$'000
Interim of HK26.0 cents (2014: HK23.0 cents) per share	359,241	315,667
Proposed final of HK30.0 cents (2014: HK25.0 cents) per share	<u>414,509</u>	<u>345,424</u>
	<u>773,750</u>	<u>661,091</u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

7. Earnings per share attributable to ordinary equity holders of the Company

The basic and diluted earnings per share for the years ended 31 March 2015 and 31 March 2014 have been calculated as follows:

(a) *Basic earnings per share*

The calculation of the basic earnings per share is based on the profit for that year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during that year.

(b) *Diluted earnings per share*

The calculation of the diluted earnings per share is based on the profit for that year attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during that year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options into ordinary shares during that year.

The calculations of basic and diluted earnings per share are based on the following:

	Year ended 31 March	
	2015	2014
	HK\$'000	HK\$'000
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	<u>773,293</u>	<u>668,352</u>
Shares		
	2015	2014
Weighted average number of shares in issue during the year used in the basic earnings per share calculation	1,381,696,104	1,367,313,008
Effect of dilution - weighted average number of ordinary shares:		
Share options	<u>—</u>	<u>4,026,867</u>
Weighted average number of shares in issue during the year used in the diluted earnings per share calculation	<u>1,381,696,104</u>	<u>1,371,339,875</u>

8. Trade receivables

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of impairment of HK\$9,763,000 (2014: HK\$9,786,000), is as follows:

	31 March	
	2015	2014
	HK\$'000	HK\$'000
Within 90 days	691,828	606,778
Over 90 days	<u>5,746</u>	<u>15,780</u>
	<u>697,574</u>	<u>622,558</u>

Payment terms of the Group's customers mainly range from "cash before delivery" to "90 days from the date of invoice". A significant portion of the customers trade with the Group under documentary credit terms. The Group seeks to maintain strict credit control on its outstanding receivables and has a policy to manage its credit risk. Since the Group's trade receivables relate to a large number of customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

9. Trade payables

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	31 March	
	2015 HK\$'000	2014 HK\$'000
Within 90 days	979,684	867,829
Over 90 days	15,962	24,344
	<u>995,646</u>	<u>892,173</u>

At the end of the reporting period, the trade payables are non-interest-bearing and are normally settled on 90-day terms.

10. Contingent liabilities

- (a) At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

	31 March	
	2015 HK\$'000	2014 HK\$'000
Bank guarantees given in lieu of property rental deposits	4,763	3,788
Guarantees of banking facilities granted to an associate	<u>12,500</u>	<u>12,500</u>

- (b) The Hong Kong Inland Revenue Department (the “IRD”) initiated a review on the prior years’ tax affairs of certain subsidiaries of the Group.

The protective tax assessments for the years of assessment 2005/2006, 2006/2007, 2007/2008 and 2008/2009 issued by the IRD in March 2012, March 2013, March 2014 and March 2015 are HK\$69,125,000, HK\$189,000,000, HK\$388,878,000 and HK\$376,200,000, respectively. The directors of these subsidiaries believe that there are valid grounds to object to the tax claimed. Subsequent to the objections filed, the IRD agreed to hold over the tax claimed completely subject to the purchases of tax reserve certificates. The Group purchased tax reserve certificates of HK\$4,500,000 and HK\$31,500,000 for years of assessment 2005/2006 and 2006/2007, respectively, during the year ended 31 March 2014, and an additional HK\$34,000,000 for the year of assessment 2007/2008 during the year ended 31 March 2015. Subsequent to the year end, the Group purchased an additional HK\$38,000,000 for the year of assessment 2008/2009.

In view that the tax review for the years of assessment 2005/2006, 2006/2007, 2007/2008 and 2008/2009 is still in progress, the outcome of the case is still uncertain. Up to the date of approval of these financial statements, the directors of the Company consider that adequate tax provisions have been made in the financial statements.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK30.0 cents (2014: HK25.0 cents) per ordinary share which, together with the interim dividend of HK26.0 cents (2014: HK23.0 cents) per ordinary share paid in January 2015, will make a total dividend of HK56.0 cents (2014: HK48.0 cents) per ordinary share. Subject to the approval of the shareholders at the forthcoming annual general meeting, the proposed final dividend will be payable on Wednesday, 7 October 2015 to the shareholders registered on the Register of Members of the Company on Wednesday, 19 August 2015.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Tuesday, 4 August 2015 to Thursday, 6 August 2015 (both days inclusive) for the purpose of determining the entitlement to attend and vote at the Annual General Meeting. During which period no transfer of shares of the Company will be registered and no shares will be allotted and issued. In order to be eligible to attend and vote at the Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar and Transfer Office in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Monday, 3 August 2015.

The Register of Members of the Company will be closed from Monday, 17 August 2015 to Wednesday, 19 August 2015 (both days inclusive) for the purpose of determining the entitlement to the proposed final dividend for the year ended 31 March 2015. During which period no transfer of shares of the Company will be registered and no shares will be allotted and issued. In order to qualify for entitlement to the proposed final dividend for the year ended 31 March 2015, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar and Transfer Office in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Friday, 14 August 2015.

MANAGEMENT'S DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For this fiscal year ended 31 March 2015, the Group's total turnover decreased by 5.5% to HK\$9,322 million (2014 : HK\$9,860 million). Net profit for the year attributable to the ordinary equity holders of the Company amounted to HK\$773 million (2014 : HK\$668 million), a growth of 15.7%. The Group's gross profit margin was 34.1% (2014 : 33.3%), an increase of 0.8 percentage points from last year. In the period, other income and gains decreased by HK\$48 million mainly attributable to the drop in gain on foreign exchange derivatives, on revaluation of investment properties and disposal of properties. Net profit contributed by an associate also decreased by HK\$28 million. The Board has recommended a final dividend of HK30.0 cents (2014 : HK25.0 cents) per ordinary share. Including interim dividend, total dividend per ordinary share would be HK56.0 cents, an increase of 16.7% from last year's HK48.0 cents.

Textile business

Turnover of the textile business decreased by 6.1% to HK\$4,718 million (2014 : HK\$5,026 million). The amount represented 50.6% (2014 : 51.0%) of the Group's total turnover. Raw material prices were quite stable in the period. Operating environment was a bit more favourable than the previous year. The Group continued to focus on high value-added orders to capture reasonable profit margins. The gross profit margin rose to 21.7% from last year's 20.4%. The average selling price increased by 3.0%. The performance and the key financial ratios of the business were as below:

<i>(Amounts expressed in HK\$'million, unless specified)</i>	2015	2014	2013	2012	2011
Net sales	4,718	5,026	5,460	6,976	5,971
Gross profit margin (%)	21.7	20.4	16.0	14.8	20.4
Operating profit (note 1)	622	671	546	692	908
EBITDA (note 1)	802	871	765	916	1,137
Return on total assets (%) (note 2)	8.5	8.4	6.3	6.4	8.3
Return on sales (%) (note 2)	15.3	14.3	12.4	10.7	14.6
Return on equity (%) (note 2)	12.8	12.8	11.2	13.4	17.4
Capital expenditure	56	121	45	57	80

Notes : (1) Exclude interest income and rental income.

(2) Exclude rental income.

Retail and distribution business

Sales of the business amounted to HK\$4,591 million (2014 : HK\$4,816 million), a decrease of 4.7%. The sum was 49.2% (2014 : 48.8%) of the Group's total turnover. Over the last few years, the Group has closed a significant number of non-performing stores and exercised tight control over inventory levels. Though the consumer sentiment in the mainland China was still sluggish, the business achieved much improved performance. Sales growth of comparable shops restored to 6.0% from last year's negative 7.6%.

The performance and the key financial ratios of the business were as below :

(a) the business performance and the key financial ratios were as follows:

<i>(Amounts expressed in HK\$'million, unless specified)</i>	2015	2014	2013	2012	2011
Net sales	4,591	4,816	5,768	6,766	5,857
Gross profit margin (%)	46.8	46.7	44.9	44.8	47.1
Sales growth of comparable shops (%) <i>(note 1)</i>	6.0	(7.6)	(12.0)	2.9	13.8
Operating profit/ (loss) <i>(note 2)</i>	13	(245)	(202)	157	407
EBITDA <i>(note 2)</i>	113	(107)	(52)	276	495
Return on total assets (%) <i>(note 3)</i>	(0.7)	(13.9)	(7.6)	3.2	12.5
Return on sales (%) <i>(note 3)</i>	(0.3)	(5.2)	(3.0)	1.3	5.0
Return on equity (%) <i>(note 3)</i>	(2.1)	(42.5)	(20.4)	9.0	38.6
Capital expenditure	72	43	119	192	109

Notes: (1) Comparable shops include shops with full year operation during the year and the preceding year.

(2) Exclude gain on disposal of properties, interest income and rental income.

(3) Exclude rental income.

(b) the analysis of turnover by major brand was as follows:

<i>(HK\$'million)</i>	2015	2014	2013	2012	2011
Baleno	2,821	2,754	3,038	3,653	3,089
S&K	476	552	742	940	846
I.P. Zone	320	417	555	699	643
ebase	336	497	609	682	548
Others	638	596	824	792	731
Total	4,591	4,816	5,768	6,766	5,857

(c) the development in different markets was as follows:

Mainland China

	2015	2014	2013	2012	2011
Net sales <i>(HK\$' million)</i>	4,014	4,098	4,920	5,811	4,987
Increase/(decrease) in net sales (%)	(2)	(17)	(15)	17	22
Retail floor area <i>(sq. ft.)</i> *#	1,700,135	2,115,738	2,147,536	2,368,260	2,162,123
Number of sales associates*#	6,971	7,710	9,168	11,492	11,348
Number of outlets* Δ	2,865	2,928	3,424	3,576	3,482

Hong Kong

	2015	2014	2013	2012	2011
Net sales (HK\$' million)	486	445	435	460	465
Increase/(decrease) in net sales (%)	9	2	(5)	(1)	12
Retail floor area (sq. ft.)*#	62,440	66,184	63,254	61,722	54,960
Number of sales associates*#	393	392	425	493	482
Number of outlets*#	59	66	68	70	63

Taiwan

	2015	2014	2013	2012	2011
Net sales (HK\$' million)	91	273	413	495	405
Increase/(decrease) in net sales (%)	(67)	(34)	(17)	22	8
Retail floor area (sq. ft.)*#	—	90,689	142,079	151,218	135,734
Number of sales associates*#	—	290	488	638	608
Number of outlets* ^Δ	—	91	166	181	161

* As at the end of the reporting period

For self-managed stores

Δ Including self-managed and franchise stores

Garment manufacturing business

Turnover of this associate decreased by 10.3% to HK\$1,185 million (2014 : HK\$1,321 million). Net profit contribution to the Group amounted to HK\$34 million (2014 : HK\$62 million), a drop of 45.2%. The operating environment was less favourable in the year mainly due to global consumer demand weakness. In the year, 70.7% (2014 : 69.1%) of the fabric consumed was supplied by the textile division and sales to the retail division represented 19.6% (2014 : 15.4%) of its turnover.

FINANCIAL CONDITION

Liquidity and financial resources

The Group continued to maintain a sound financial position. The current ratio, the total bank borrowings and the gearing ratio as at the year end were 2.3, HK\$1,907 million and -0.4 (2014: 2.4, HK\$1,869 million and -0.3) respectively. The gearing ratio refers to the ratio of the total interest-bearing debts, net of cash and bank balances, to the total equity. The net cash inflow from operating activities for the year was HK\$865 million (2014: HK\$965 million).

During the year, the interest cover, the trade and bills receivables to turnover and the inventories to turnover were 37 times, 36 days and 73 days (2014: 22 times, 33 days and 70 days) respectively. The Group mainly satisfied its funding requirements with cash inflow from its operating activities and bank borrowings. At the year end, the cash and bank balances, the equity attributable to ordinary equity holders of the Company and the unutilised banking facilities were HK\$4,372 million, HK\$6,086 million and HK\$6,553 million (2014: HK\$4,024 million, HK\$5,956 million and HK\$5,191 million), respectively.

Capital expenditure

The capital expenditure incurred by the Group during the year was HK\$128 million (2014: HK\$164 million). The capital expenditure incurred by the textile business for the year was HK\$56 million (2014: HK\$121 million) mainly for the addition of plant and machinery. For the retail and distribution business, our capital expenditure incurred for the year mainly for the renovation of shops was HK\$72 million (2014: HK\$43 million).

Pledge of assets

No significant assets were pledged as at 31 March 2015 and 31 March 2014.

Contingent liabilities

Details of the contingent liabilities as at 31 March 2015 and 31 March 2014 have been set out in note 10 to the announcement.

Foreign exchange and interest rate risks

The Group continued to adopt a strict and prudent policy in managing its interest rate and currency exchange risks. The major interest-bearing bank borrowings of the Group were HKD, USD and YEN floating rate borrowings with maturity due within three years. At the year end, the cash and bank balances amounted to HK\$4,372 million (2014 : HK\$4,024 million) were mainly denominated in RMB and USD and were placed as fixed deposits with well-established financial institutions at fixed interest rate with maturity due within one year. As the US economy continues to recover, the interest rate is expected to rise moderately in the year to come. The Group will continue to monitor the interest rate movement and arrange financial instruments to reduce its interest rate risk whenever appropriate.

During the year, the major assets, liabilities, revenue, expenses and procurements of the Group were denominated in HKD, USD, RMB , YEN and NTD and the Group had arranged foreign exchange forward contracts to reduce its currency exchange risk.

Human Resources

As at 31 March 2015, the Group had about 16,400 (2014: 17,500) employees in the Greater China. The remuneration of the employees was largely based on industry practice and the performance of individual employee.

Corporate social responsibility

As a responsible corporate citizen, the Group has been active in participating in charitable donation, caring for the needy people and supporting and sponsoring educational and environmental protection activities. In addition, the Group also encourages its employees, customers and business partners to partake in the aforesaid activities with a view to developing a better future for our community.

During the year, some of the activities/organisations the Group participated in / donated or sponsored to were:

- (1) World Wide Fund For Nature Hong Kong;
- (2) The Community Chest of Hong Kong “The Community Chest Green Day”;
- (3) Agency for Volunteer Service “HSBC Share-to-Care Volunteer Campaign”;
- (4) HSBC Pok Oi Cycle for Millions 2014;
- (5) Sowers Action;
- (6) Ocean Park Conservation Foundation Hong Kong; and
- (7) St. James Settlement.

The Group believes that the development of a better future for our community relies on the participation of people, corporates and the government. Therefore, the Group will continue to invest resources in all major social, educational and environmental protection activities to strive for a better future for our community.

Outlook

Economic conditions in the U.S. are improving. Recent orders for the textile business are quite positive. The Group will closely monitor the market developments to adjust its business strategies.

The PRC consumer sentiment has shown signs of recovery. The retail business is in a healthy status to pursue further performance improvement.

Looking forward to the coming year, the Group is confident to attain improved results.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the listed securities of the Company during the year.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") in compliance with Rule 3.21 of the Listing Rules. The members of the Audit Committee comprise the three independent non-executive directors of the Company, Mr. Law Brian Chung Nin, Mr. Au Son Yiu, and Mr. Cheng Shu Wing. The Audit Committee is chaired by Mr. Law Brian Chung Nin, a qualified accounting professional.

The terms of reference and duties have been laid down as guidelines for the Audit Committee. The principal duties of the Audit Committee include the review and supervision of the financial reporting processes and internal controls of the Group. During the year, the Audit Committee held three meetings to review the internal controls and financial reporting matters and provide recommendations to the Board. For this fiscal year, the Audit Committee has reviewed and discussed with the management the consolidated financial statements of the Group.

CORPORATE GOVERNANCE

In the opinion of the directors, the Company complied with all the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules throughout the financial year, except for the following deviation:

Under code provision E.1.2 of the CG Code, the chairman of the Board should attend the annual general meeting of the Company.

The chairman of the Board has delegated the duty of attending the annual general meeting to the chief executive officer of the Company. The chairman considers the chief executive officer a suitable person for taking up such duty as the chief executive officer has been serving for similar duties for many years and he has good understanding of each operating segment of the Group.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE "MODEL CODE")

The Company has adopted the Model Code of the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the directors. Based on specific enquiry of the Company's directors, they have all complied with the required standard set out in the Model Code throughout the year.

BOARD OF DIRECTORS

As at the date of this announcement, the executive directors of the Company are Mr. Poon Bun Chak and Mr. Ting Kit Chung; and the independent non-executive directors of the Company are Mr. Au Son Yiu, Mr. Cheng Shu Wing and Mr. Law Brian Chung Nin.

PUBLICATION OF FURTHER INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

The Company's annual report for 2014/2015 will be despatched to the shareholders of the Company and available for viewing on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk under "Latest Listed Company Information" and on the website of the Company at www.texwinca.com under "Investor Relations" in due course.

By Order of the Board
Poon Bun Chak
Executive Chairman

Hong Kong, 15 June 2015